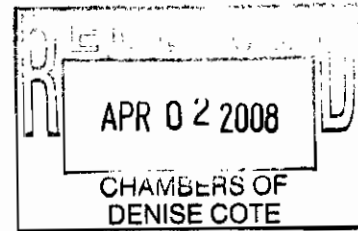


# KAUFMAN & KAHN, LLP

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BY HAND DELIVERY

April 1, 2008



Hon. Denise L. Cote  
United States District Court, SDNY  
500 Pearl Street, Room 1040  
New York, NY 10007

**MEMO ENDORSED**

Re: DB Structured Products, Inc. v. Lender Ltd. v. CML Direct, Inc.  
07 CV 4119 (DLC)

Dear Judge Cote:

We represent defendant and third-party plaintiff Lender Ltd. ("Lender") in this action. The parties reached a settlement in principle on or about March 20, 2008, and have spent their time since then negotiating the terms of a settlement, now reflected in a 42-page document issued by plaintiff DBSP's counsel on March 27. The settlement agreement is not yet signed due to the illness, and consequent absence from work, of the DBSP officer assigned to this case. The parties put discovery in abeyance to bring the settlement to its present state.

We fully expect that the parties will enter into the settlement agreement, but, since we are waiting on DBSP, we wanted to advise the Court of the status of the action. Further, if DBSP does not complete the settlement, the parties will request a short extension of today's discovery deadline in order to take the discovery that was deferred in favor of reaching a settlement. Counsel for third-party defendant CML Direct, Inc. joins me in this request, and DBSP's counsel has indicated that they, too, wish to reserve their rights to engage in discovery.

Thank you for your consideration of this matter.

Respectfully submitted,

*Mark S. Kaufman*  
Mark S. Kaufman

cc. (by email): Dennis Rothman, Esq.  
Brendan Zahner, Esq.

*As advised through the March 7 endorsement, there shall be no adjournment of the 4/10 discovery cut-off. Parties must attend the 4/10 conference unless a dismissal is received before that date.*

*Denise Cote  
April 2, 2008*